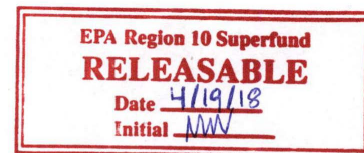




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FAX 360.694.6413
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Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line



February 3, 2011

Policyholder & Market Assistance
Lloyd's
One Lime Street
London EC3M 7HA
UK

Subject: Insured: Kaiser Gypsum Corporation
Insurer: Certain Underwriters At Lloyd's, London
Policy Nos. (Periods): See Attachment A
Claim: Lower Duwamish Waterway Superfund Site

Dear Sir or Madam:

We represent Kaiser Gypsum Corporation, now known as Hanson Permanente Cement, Inc. ("KGC"), in connection with KGC's potential liability associated with its historical ownership and operation of two separate cement facilities on the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") National Priorities List as a federal Superfund site due to the release or substantial threat of release of hazardous substances in or around the waterway. On February 19, 2010, KGC received from the United States Environmental Protection Agency ("EPA") a request for information pursuant to Section 104(e) of CERCLA, 42 U.S.C. § 9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property that KGC formerly owned along the LDW.

After determining that KGC is likely to incur substantial costs to respond to EPA's information request, we put KGC's insurers, including Certain Underwriters at Lloyd's, London ("Lloyd's"), on notice of potential claims against KGC and its former facilities in Seattle, Washington (see Attachments B, C, and D). We received the enclosed letter dated December 21, 2010, from David Christopherson of Swett & Crawford recommending that we report the claim directly to Lloyd's at this address (see

KG2004398



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Policyholder & Market Assistance
February 3, 2011
Page 2

Attachment E). Accordingly, this letter provides the recommended report of claim for coverage under the policies listed on Attachment A.

We look forward to hearing from you at your earliest convenience acknowledging KGC's notice to and demand on Lloyd's. In the interim, if you have any questions, please e-mail me at steve.hill@millernash.com or call me at (360) 699-4771.

Very truly yours,

A handwritten signature in black ink that reads 'S. F. Hill'. The signature is written in a cursive, stylized manner with a large, sweeping 'S' and 'H'.

Steven F. Hill, P.C.

Enclosures-5

cc: David Christopherson

KG2004399

039391-0009/VANDOC5:50144746.1

A

KG2004400

**POLICIES ISSUED BY
CERTAIN UNDERWRITERS AT LLOYD'S, LONDON**

Broker: C.T. Bowring
Policies: 77DD2149 (09/30/76-09/30/79)
77DD2137/PY024577 (10/01/77-10/01/78)
Reed Stenhouse Cert. LUS1294 / PY008381 (04/01/80-04/01/81)
LUS1324 / PY027381 (04/01/81-04/01/84)
LUS1325 / PY027481 (04/01/81-04/01/84)
LUS1326 / PY027581 (04/01/81-04/01/82)
PY009381 (04/01/81-04/01/84)
PY009481 (04/01/81-04/01/84)
PY009581 (04/01/81-04/01/83)
LUS1355 (04/01/82-04/01/83)

J.H. Minet

T2482 (10/03/51-10/03/52) (primary)
T2633 (11/01/51-04/01/53)
67309/36528 (09/17/52-09/17/53)
67268/36527 (09/17/52-09/17/53)
T2715 (10/03/52-09/15/53) (primary)
T2891 (01/01/53-01/01/54)
T2890 (09/15/53-09/15/54) (primary)
70107/51910 (03/01/53-03/01/54)
LL73974 (09/17/53-09/17/56)
70108/54151 (03/01/54-03/01/55)
T3147 (09/15/54-09/15/55) (primary)
73158/LL56155 (03/01/55-03/01/56)
73157/56887 (07/01/55-07/01/56)
78500/57238 (09/15/55-09/15/58)
T4507/57236 (09/15/55-09/15/58) (primary)
T3461 (09/15/55-09/15/56) (primary)
75211/LL57956 (03/01/56-03/01/57)
T3727 (09/15/56-09/15/57) (primary)
LL2453 (09/17/56-09/17/59)
76128/LL60090 (03/01/57-03/01/58)
T4044 (09/15/57-09/15/58) (primary)
79409/62100 (03/01/58-03/01/59)
LL63250/T4699 (09/15/58-09/15/59) (primary)
79883 (09/15/58-09/15/59)
79884 (09/15/58-09/15/60)
79885 (09/15/58-09/15/60)
79882 (09/15/58-9/15/60)
64500/81538 (03/01/59-03/01/60)
80900 (09/15/59-12/31/61)

KG2004401

LL65520/T4744 (09/15/59-09/15/60) (primary)
LL65521 (09/15/59-09/15/60)
LL67473 (09/15/60-09/15/61)
LL67476/T5054 (09/15/60-09/15/61) (primary)
LL67477/T5098 (09/15/60-09/15/61)
83086 (09/15/60-12/31/61)
83024 (09/15/60-12/31/61)
83143 (09/15/60-12/31/61)
LL69260/T5433 (09/15/61-09/15/62) (primary)
LL69261/T5395 (09/15/61-09/15/62)
61560/LL69700 (12/31/61-12/31/63)
61561/LL69701 (12/31/61-12/31/63)
64564 (12/31/63-12/31/64)
64022 (12/31/63-12/31/64)
LUS1031/LUS1031A/031382000 (12/31/64-01/01/68)
LUS1032/LUS1032A/031383000 (12/31/64-01/01/68)
LUS1033/LUS1033A/301384000 (04/22/65-01/01/68)
LUS1037/LUS1037A/301384000 (06/01/65-06/01/68)
LUS1066/LUS1066A/025114000 (01/01/68-01/30/71)
LUS1067/LUS1067A/025115000 (01/01/68-01/30/71)
LUS1068/LUS1068A/025116000 (01/01/68-01/31/71)
LUS1069 (01/01/68-01/01/71)

Alexander Howden Ltd.

SCU 956483/ 57545/83 (04/01/83-05/01/84)
XL500280/57546/83 (04/01/83-05/01/84)
XS740072G/834/58548/84 (05/01/84-04/01/85)
SCU956816/58552/84 (05/01/84-04/01/85)
XS740074G/834/58550/84 (05/01/84-04/01/85)
XC740075G/834/58551/84 (05/01/84-04/01/85)
834/58549/84 (05/01/84-04/01/85)

Sedgwick

Risk No. UQA0091 (04/01/83-04/01/84)
Risk No. UQA0092 (04/01/83-04/01/84)

L. Hammond Co., Ltd.

12-0053/A (01/30/71-01/01/74)

KG2004402

VANDocs:50145226.1
KGC

B

KG2004403



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Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

December 17, 2010

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

AON Service Corporation
c/o Corporation Service Company
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

Bowes & Company, Inc Insurance Broker, Inc.
c/o Swett & Crawford
720 Olive Way, 18th Floor
Seattle, WA 98101

Bowes & Company, Inc. Insurance Broker, Inc.
c/o Swett & Crawford
c/o CT Corporations System
1801 West Bay Dr NE, Suite 206
Olympia, WA 98502

Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: Certain Underwriters At Lloyd's, London (Bowes; Landis,
Pelletier & Parrish)

Policy No. (Periods): A31026 (10/03/43-10/03/44)
A34351 (10/03/44-10/03/45)
A37678 (10/03/45-10/03/46)
A40951 (10/03/46-10/03/47)
A46172 (10/03/47-10/03/48)
A50630 (10/03/48-10/03/49)
X4580 (10/03/49-10/03/50)
T2190 (10/03/50-10/03/51)
T2482 (10/03/51-10/03/52)
T2715 (10/03/52-09/15/53)
T2890 (09/15/53-09/15/54)
T3147 (09/15/54-09/15/55)

KG2004404

039391-0009/VANDOC5:50144629.1



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December 17, 2010

Page 2

T3461 (09/15/55-09/15/56)
57236 (T4507) (09/15/55-09/15/58)
T3727 (09/15/56-09/15/57)
T4044 (09/15/57-09/15/58)
LL63250 (T4699) (09/15/58-09/15/59)
LL65520 (T4744) (09/15/59-09/15/60)
LL67476 (T5054) (09/15/60-09/15/61)
LL69260 (09/15/61-09/15/62)

Claim: Lower Duwamish Waterway Superfund Site

Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and

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December 17, 2010
Page 3

are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical records and supplement its response to the Section 104(e) information request in the next few months.

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KGC's preliminary response, as appropriate, based on any responsive information identified as a result of such searches. In sum, KGC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, Certain Underwriters At Lloyd's, London (Bowes; Landis, Pelletier & Parrish) ("Lloyd's") sold comprehensive general liability insurance

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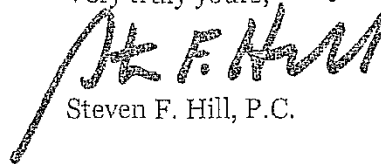
December 17, 2010
Page 4

policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1943 through 1962. The specific Lloyd's policies that we have located to date are listed above.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put Lloyd's on notice of this claim and request that Lloyd's provide defense and indemnity coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

If you have any questions, please e-mail me at steve.hill@millernash.com or call me at 360.699.4771.

Very truly yours,



Steven F. Hill, P.C.

cc: Brian A. Kelly
Claire Louis

KG2004407

039391-0009/VANDOC5:50144629.1

C

KG2004408



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Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

December 21, 2010

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Aon Risk Insurance Services West, Inc.
c/o Registered Agent
Prentice Hall Corp System
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

Aon Risk Services, Inc.
Of Washington
c/o Registered Agent
Corporate Service Company
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

Aon Service Corporation
c/o Corporation Service Company
300 Deschutes Way SW, Suite 304
Tumwater, WA 98501

Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: Industrial Indemnity
Certain Underwriters at Lloyd's, London
Policy No. (Periods): See Enclosed
Claim: Lower Duwamish Waterway Superfund Site

Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property

KG2004409

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Aon Risk Insurance Services West, Inc.
Aon Risk Services, Inc. of Washington
Aon Service Corporation
December 21, 2010
Page 2

that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical

KG2004410

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Aon Risk Insurance Services West, Inc.
Aon Risk Services, Inc. of Washington
Aon Service Corporation
December 21, 2010
Page 3

records and supplement its response to the Section 104(e) information request in the next few months.

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KGC's preliminary response, as appropriate, based on any responsive information identified as a result of such searches. In sum, KGC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, the companies identified on the enclosed list sold excess and/or umbrella liability insurance policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1953 through 1985. The specific policies that we have located to date are listed on the enclosure.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KGC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KGC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put Industrial on notice of this potential claim and request that Industrial provide coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

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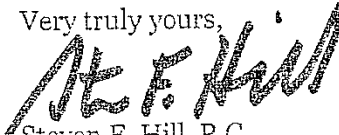
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Aon Risk Insurance Services West, Inc.
Aon Risk Services, Inc. of Washington
Aon Service Corporation
December 21, 2010
Page 4

If you have any questions, please e-mail me at steve.hill@millernash.com
or call me at 360.699.4771.

Very truly yours,



Steven F. Hill, P.C.

Enclosure

cc: Susan M. Breen-Quinn
Brian Kelly
Claire Louis

KG2004412

039391-0009/VANDOC5:50144706.1

POLICIES

Carrier: Industrial Indemnity
Policies: JE8312723 (04/01/81-04/01/83)

Certain Underwriters at Lloyd's, London (C.T. Bowring)
PY024577 (10/01/77-10/01/78)
Reed Stenhouse Cert. LUS1294 / PY008381 (04/01/80-04/01/81)
LUS1324 / PY027381 (04/01/81-04/01/84)
LUS1325 / PY027481 (04/01/81-04/01/84)
LUS1326 / PY027581 (04/01/81-04/01/82)
LUS1355 (04/01/82-04/01/83)

**Certain Underwriters at Lloyd's, London
(J.H. Minet / Landis Pelletier & Parrish)**
70107/51910 (03/01/53-03/01/54)
70108/54151 (03/01/54-03/01/55)
73158/LL56155 (03/01/55-03/01/56)
78500/57238 (09/15/55-09/15/58)
75211/LL57956 (03/01/56-03/01/57)
LL2453 (09/17/56-09/17/59)
76128/LL60090 (03/01/57-03/01/58)
79409/62100 (03/01/58-03/01/59)
64500/81538 (03/01/59-03/01/60)
LL65521 (09/15/59-09/15/60)
LL67473 (09/15/60-09/15/61)
LL67477 (09/15/60-09/15/61)
LL69261 (09/15/61-09/15/62)

**Certain Underwriters at Lloyd's, London
(J.H. Minet / Chapman & Co / Landis Pelletier & Parrish)**
79882 (09/15/58-9/15/60)
79883 (09/15/58-09/15/59)
79884 (09/15/58-09/15/60)
79885 (09/15/58-09/15/60)
80900 (09/15/59-12/31/61)
83086 (09/15/60-12/31/61)
83024 (09/15/60-12/31/61)
83143 (09/15/60-12/31/61)

KG2004413

VANDOC5:50144693.1

Certain Underwriters at Lloyd's, London
(J.H. Minet; notice to Landis Pelletier & Parrish)
LL73974 (09/17/53-09/17/56)
LL65521 (09/15/59-09/15/60)
61560/LL69700 (12/31/61-12/31/63)
61561/LL69701 (12/31/61-12/31/63)
64564 (12/31/63-12/31/64)
64022 (12/31/63-12/31/64)

Certain Underwriters at Lloyd's, London
(J.H. Minet; notice to Underwriters Service, Inc.)
LUS1031/LUS1031A/031382000 (12/31/64-01/01/68)
LUS1032/LUS1032A/031383000 (12/31/64-01/01/68)
LUS1033/LUS1033A/301384000 (04/22/65-01/01/68)
LUS1037/LUS1037A/301384000 (06/01/65-06/01/68)
LUS1066/LUS1066A/025114000 (01/01/68-01/30/71)
LUS1067/LUS1067A/025115000 (01/01/68-01/30/71)
LUS1068/LUS1068A/025116000 (01/01/68-01/31/71)
LUS1069 (01/01/68-01/01/71)

Certain Underwriters at Lloyd's, London (Howden)
SCU 956483/ 57545/83 (04/01/83-05/01/84)
XL500280/57546/83 (04/01/83-05/01/84)
XS740072G/58548/84 (05/01/84-04/01/85)
SCU956816/58552/84 (05/01/84-04/01/85)
XS740074G/58550/84 (05/01/84-04/01/85)
XC740075G/58551/84 (05/01/84-04/01/85)
834/58549/84 (05/01/84-04/01/85)

Certain Underwriters at Lloyd's, London
(Sedgwick, notice to Alexander & Alexander / Clifton & Company)
Risk No. UQA0091 (04/01/83-04/01/84)
Risk No. UQA0092 (04/01/83-04/01/84)

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500 East Broadway
Suite 400
Vancouver, Washington 98660-3324
OFFICE 360.699.4771
FAX 360.694.6413

Steven F. Hill, P.C.
Admitted in Washington and Oregon
steve.hill@millernash.com
(360) 619-7004 direct line

December 21, 2010

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

C.V. Starr & Co. Inc.
399 Park Avenue
New York, NY 10022

C.V. Starr & Co.
c/o Registered Agent
CT Corporation System
1801 West Bay Drive NW, Suite 206
Olympia, WA 98502

Subject: Insured: Kaiser Gypsum Company, Inc.
Insurer: Certain Underwriters At Lloyd's, London (C.V. Starr & Co.)
Policy No. (Periods): 12-0053 (01/30/71-01/01/74)
Claim: Lower Duwamish Waterway Superfund Site

Ladies and Gentlemen:

We represent Kaiser Gypsum Company, Inc. ("KGC"), in connection with the necessary investigation that it is undertaking in order to respond to the United States Environmental Protection Agency's ("EPA") February 19, 2010 request for information served on KGC pursuant to Section 104(e) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 U.S.C. §9604(e). Section 104(e) of CERCLA obligates KGC to respond to EPA's multi-part questions relating to KGC's historical ownership and operations on riparian property that KGC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KGC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

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ATTORNEYS AT LAW

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C.V. Starr & Co., Inc.
December 21, 2010
Page 2

KGC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KGC owned property and operated a gypsum plant at 5931 East Marginal Way S. in Seattle, Washington on the eastern side of the LDW (the "KGC Property") from 1952 to 1978. To date, KGC has not located any former officers or employees of KGC with knowledge of its operations at the KGC Property. On June 23, 2010, KGC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather from real property records, tax records, and certain historical documents that were previously gathered by KGC's defense counsel during KGC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KGC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KGC operating facilities in multiple states, including Washington. KGC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KGC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KGC's response. EPA requested that KGC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KGC. EPA further requested that KGC agree to conduct a thorough review of the historical records and supplement its response to the Section 104(e) information request in the next few months.

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KGC for failing to have done so, counsel for KGC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KGC's preliminary response, as appropriate, based on any responsive

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C.V. Starr & Co., Inc.
December 21, 2010
Page 3

information identified as a result of such searches. In sum, KGC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

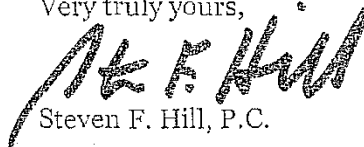
At this time, we do not know if KGC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KGC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KGC's ownership and operation of the KGC Property. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KGC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, Certain Underwriters At Lloyd's, London (C.V. Starr & Co.) ("Lloyd's") sold excess and/or umbrella liability insurance policies to KGC or its parent Hanson Permanente Cement, Inc. (formerly known as Kaiser Cement & Gypsum Corporation and Kaiser Cement Corporation), naming KGC as an additional insured, during the period from 1971 through 1974. The specific Lloyd's policy that we have located to date is listed above.

The EPA's Section 104(e) information request requires KGC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KGC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KGC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KGC, we hereby put Lloyds on notice of this potential claim and request that Lloyds provide coverage for this claim and any other claims against KGC that are related to the LDW Superfund Site.

If you have any questions, please e-mail me at steve.hill@millernash.com or call me at 360.699.4771.

Very truly yours,



Steven F. Hill, P.C.

cc: Brian Kelly
Claire Louis

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Swett & Crawford

David Christopherson
Deputy General Counsel
3350 Riverwood Parkway, SE
Suite 1100
Atlanta, GA 30339
Phone: 404-240-5375
Fax: 404-240-5290

December 21, 2010

RECEIVED

DEC 22 2010

MILLER NASH LLP

Via Federal Express

Steven F. Hill
Miller Nash
500 E. Broadway, Suite 400
Vancouver, WA 98660-3324

Re: Notice of Claim – Kaiser Gypsum Company, Inc.
✓ Notice of Claim – Kaiser Cement Corporation



Dear Mr. Hill:

On December 20, 2010, we received your letters of December 17, 2010 regarding the above-referenced claims. Please note that since many of the policies you note date back to the 1940's, we may not have copies of the applicable policies or may be unable to locate them in a timely manner.

To assist in reporting through the appropriate Lloyd's London broker, does your policy documentation indicate which London broker was used? Please send me any applicable documentation, and we would be pleased to assist.

Alternatively, in the interest of time, we recommend that you report the claim directly to Lloyd's:

Policyholder & Market Assistance
Lloyd's
One Lime Street
London EC3M 7HA
UK
1-866-264-2533
info.us@lloyds.com

Thank you for your cooperation.

Very truly yours,


David V. Christopherson
Deputy General Counsel

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